

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6976

BILL NUMBER: HB 1262

NOTE PREPARED: Jan 17, 2012

BILL AMENDED:

SUBJECT: Municipal Drainage and Utilities.

FIRST AUTHOR: Rep. Morris

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a municipality may acquire exclusive authority over storm water collection and disposal systems within its jurisdictional boundaries through the adoption of an ordinance. It requires a municipality to provide advance notice of the meeting at which the final vote on the ordinance will be taken to: (1) owners of lots and parcels within the municipality who are subject to storm water user fees; and (2) certain boards.

This bill also provides that a municipality adopting an ordinance is liable for outstanding bonds issued and indebtedness incurred on the storm water collection and disposal systems located within its jurisdictional boundaries over which it is acquiring exclusive authority. It requires a municipality acquiring exclusive authority to pay any amounts related to outstanding unpaid bonds and obligations until the indebtedness is fully paid. The bill requires a political subdivision ceding authority over storm water collection and disposal systems to transfer to the municipality acquiring the authority any unencumbered balances accrued before the effective date of the ordinance.

It provides a municipality acquiring authority over the systems with the same duties, right of entry, and right-of-way powers upon private land that are given to county surveyors. This bill excludes a municipality establishing exclusive authority over storm water collection and disposal systems from certain drainage laws. It requires the drainage board of a county to relinquish jurisdiction over ditches and drains located in a municipality that is acquiring exclusive authority over storm water collection and disposal systems within the municipality.

Effective Date: July 1, 2012.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: This bill allows a municipality, except a consolidated city, to acquire exclusive authority over storm water collection and disposal systems within its jurisdiction through the adoption of an ordinance. The bill provides that the exclusive authority includes: fee determination and collection, construction and maintenance, planning and regulations.

Under current statute, the county drainage board or the board of directors of a county's/municipality's department of storm water management has exclusive authority over storm water collection and disposal systems. The bill requires the municipality seeking to acquire exclusive authority to notify the owners of lots and parcels within the municipality who are subject to storm water user fees and the boards that currently have exclusive authority over the storm water collection and disposal systems.

The bill provides that unless otherwise agreed to in writing, a municipality that has adopted an ordinance is liable for and shall pay any outstanding unpaid bonds and other obligations for storm water collection and disposal systems that are located within the boundaries of the municipality as of the effective date of the ordinance. The bill requires that any obligations related to indebtedness shall be satisfied as follows:

- (1) A municipality must pay to the executive of the political subdivision ceding authority over storm water collection and disposal systems any amounts related to outstanding unpaid bonds and obligations, until the indebtedness is fully paid. The payments shall be made as the principal or interest on the bonds and other obligations become due.
- (2) A political subdivision ceding authority over storm water collection and disposal systems must transfer to the municipality any unencumbered balances accrued before the effective date of the ordinance, including reserves, fees collected and accounts receivable

This bill provides that the drainage laws in IC 8-1.5-5-33 do not apply to a municipality that has adopted an ordinance acquire exclusive authority over storm water collection and disposal systems within its jurisdiction.

Explanation of Local Revenues: See *Explanation of Local Expenditures*.

State Agencies Affected:

Local Agencies Affected: Political subdivisions; Municipalities; County drainage boards.

Information Sources:

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